

# G A M I N G      U P D A T E

Volume 15, Edition 2

July 2001

## Annual Reports Are Due August 15!

Any organization which held a Nebraska bingo, lottery by pickle card, or lottery/raffle license during the period from July 1, 2000 through June 30, 2001, or any organization which has held a gaming license during the past, but has not spent all of its gaming profits, must submit an annual report to the Department for each gaming activity. **The annual report is due in the Department no later than August 15, 2001. Booklets containing the annual report forms and specific instructions for completing each form were mailed with the application for license renewal. The inside front cover of the booklet provides instructions for reconciling your annual report for accuracy.**

Gaming licenses will not be issued until complete and accurate annual reports are received. **A late or incomplete annual report may result in a delay in licensing and/or an administrative fine of up to \$1000 plus any financial benefit gained.** Please mark your calendar so that you file the report timely and avoid the fine.

To give you an idea of the problems on annual reports filed last year, the Department wrote 225 letters to licensed organizations during its annual report review. Of those letters, 25 were notifications of minor corrections made by the Department. The remaining 200 letters required information from or corrective actions by the licensed organizations as follows:

- 61 Bank disbursements did not equal expenses and lawful purpose donations;
- 24 Deposits did not agree with sales;
- 20 Beginning bank balance or beginning inventory did not agree with ending bank balance or ending inventory from previous period;
- 13 Differences in pickle cards purchased;
- 10 Missing schedules and/or attachments; and
- 10 Lawful purpose issues.

There were fewer than ten letters written for mathematical errors. The Audit staff completed 25 field visits as a result of the annual report review. In addition, 30 annual reports from 28 organizations were given to the Inspections Section for follow up and 15 annual reports were referred to the Policy Section for resolution of questions.

To avoid receiving one of these letters after filing this year's annual report, please follow the instructions for the report carefully, be sure the amounts reported agree with your records, check your entries and the math after completing the report, use the gaming profits for lawful purposes, and file on time. If you have questions as you complete the report, feel free to contact Jerry Otoupal at (402) 471-5940 or Gene Weiner at (402) 471-5953. Or call Charitable Gaming Services toll free at (877) 564-1315.

## Biennial Licensing is Here — Well At Least For Some

The initial phase of biennial licensing of bingo, lottery by pickle card, and lottery/raffle applicants has already begun. Nonprofit organizations which have tax exempt status under section 501(c)(3) or (c)(4) of the Internal Revenue Code will be applying for renewal of their bingo, lottery by pickle card, or lottery/raffle licenses for the biennial licensing period, October 1, 2001 through September 30, 2003. Businesses applying for renewal of their pickle card

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## Personnel Changes

### Linda Bowers New Legal Counsel

We are pleased to announce the arrival of **Linda Bowers** as the new attorney for Charitable Gaming Services as of April, 2001. Linda was formerly an attorney in the United States Navy. She has a year and a half of experience as a prosecutor at both courts-martial and Administrative Hearings. She also has two and a half years experience as General Counsel for the Naval Hospital in Pensacola, Florida. She has acted as Administrative Officer for numerous administrative hearings. If you have a question relating to legal issues, Linda can be reached at (402) 471-6193 or by e-mail at [lbowers@rev.state.ne.us](mailto:lbowers@rev.state.ne.us).

### Mary Gropp Promoted

Charitable Gaming Services is pleased to announce the promotion of **Mary Gropp** to Licensing Specialist Trainee. Mary has been with Gaming for 13 years. Many of you will recognize Mary's voice if you talked with her while she was our Office Clerk. Please help us wish Mary "Good Luck" in her new position. Mary may now be reached at (402) 471-5939.

### Barb Bauhof New Secretary

We are pleased to announce that **Barb Bauhof** has been hired as the new secretary for Charitable Gaming Services effective June 4<sup>th</sup>. Barb has been an employee of the Department since 1985. In the Department's

Revenue Operations, Barb worked in the validation and teleprocessing areas, and most recently in the licensing area. Having worked with all tax programs, her knowledge will be a great asset to Charitable Gaming. You may reach Barb at (402) 471-5937.

### Inspector John Rouzee Retires

Department of Revenue Charitable Gaming Inspector **John Rouzee** has retired. For seven years John assisted charitable gaming licensees. He was based in North Platte, but traveled far beyond the confines of that city, serving in 26 counties.

John came to the Department of Revenue in May of 1994 after calling on private-sector customers for 24 years. As a state employee, John retained his creed of *service to the customer*. John was an unflagging spokesman for the unique needs of charitable gaming in Greater Nebraska.

John assisted not only charitable gaming licensees, but sales, use, and MAD tax licensees and State Lottery retailers as well. Best wishes to John during his retirement!

Three individuals now cover John's former area:

**Carol Hiser** (308) 385-6021, [chiser@rev.state.ne.us](mailto:chiser@rev.state.ne.us); **Ken Stute** (308) 632-1202, [kstute@rev.state.ne.us](mailto:kstute@rev.state.ne.us); and **Bob Shelbourn** (402) 370-3352, [bshelbou@rev.state.ne.us](mailto:bshelbou@rev.state.ne.us).

Please feel free to contact these individuals or anyone at the Department for assistance.

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## NEBRASKA DEPARTMENT OF REVENUE

STATE TAX COMMISSIONER — MARY JANE EGR

Charitable Gaming Services Administrator — Jean Angell

Charitable Gaming Services Managers — Gerald Otoupal and Steve Schatz

### WHO TO CONTACT FOR . . . .

#### Audits, Annual and Quarterly Reports, and Tax Returns

Gerald Otoupal (402) 471-5940  
Gene Weiner (402) 471-5953  
Pete Andersen (402) 471-5936

#### Pickle Card Receipt Books

Barb Bauhof (402) 471-5937

#### Licenses, Authorizations, Permits, Device Decals, and Forms

Carri Fitzgerald (402) 471-5949  
Mary Gropp (402) 471-5939  
Gail Ross (402) 471-5955

#### Bingo, Pickle Card, and Lottery/Raffle Game Conduct

Deb Weber (402) 471-5944  
Steve Schatz (402) 471-5943

#### County/City Lottery Game Conduct

Steve Schatz (402) 471-5943  
Linda Knox (402) 471-5945

#### Investigations and Fingerprints

Greg Schnasse (402) 471-5941  
Mike Olsen (402) 471-5948

#### Inspections

Kim Nelson (402) 471-5947  
Gerald Otoupal (402) 471-5940

#### Legal Proceedings

Linda Bowers (402) 471-6193

Toll Free (877) 564-1315 Local 471-5937 FAX (402) 471-5600

Visit our Web site at: [www.nol.org/revenue](http://www.nol.org/revenue)

## Personnel (cont.)

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### Farewell To Cynthia & Chris

**Cynthia Odabasi** transferred from Charitable Gaming to Legal Services effective December 26, 2000. She was Gaming's Legal Counsel for over one year.

Although continuing to work on a few pending legal issues for Charitable Gaming, her new focus will be Nebraska sales, use, and corporate income taxes for the Department.

We also bid farewell to **Chris Schweitzer** who was promoted to Taxpayer Services Specialist II and moved to the Department's Taxpayer Assistance - CP2000 group on January 27, 2001. She is now reviewing information received from the Internal Revenue Service to determine appropriate action for the State. Chris had been in our licensing area since July 1998.

## Biennial Licensing (cont.)

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operator's license or commercial lessor's license will also be licensed for the biennial licensing period, October 1, 2001 through September 30, 2003.

Nonprofit organizations which do not have tax exempt status under section 501(c)(3) or (c)(4) and volunteer fire departments will still be applying for renewal of their bingo, lottery by pickle card, or lottery/raffle licenses for the annual licensing period, October 1, 2001 through September 30, 2002.

Don't worry if you are wondering whether you should apply for an annual or biennial license. By now you should have received the appropriate license renewal application for your organization or business. The computer-generated license renewal applications for nonprofit organizations contain a watermark to identify whether the license renewal application is BIENNIAL OR ANNUAL. We have also preprinted on the license application the section 501 tax exempt status of your organization based on the information which you provided our office with your original license application and information available to our office from the Internal Revenue Service. The computer-generated license renewal applications for pickle card operators and commercial lessors also contain a watermark to identify the license renewal application as BIENNIAL.

## BIENNIAL LICENSE RENEWAL REMINDERS

- ✓ Biennial license fees are double the current annual license fees. Though your fee is twice what it was in the past, you will only write that check half as many times; the doubled fee covers two years instead of one.
- ✓ Although legislation was introduced to allow license fees to be prorated, it did not pass this legislative session and will have to be considered again next year. Since we are unable to prorate license fees this year, a nonprofit organization which cancels its license prior to the expiration date of the biennial licensing period will not be refunded any fees paid for the unused portion of the licensing period.
- ✓ Nonprofit organizations are still required to file an annual report of their bingo, lottery by pickle card, or lottery/raffle activities on an annual basis regardless of their licensing frequency.
- ✓ Licensees are required to keep the license application on file with Charitable Gaming Services current. Changes in the application information which occur during the licensing period (organization officers, bingo chairpersons, alternate bingo chairpersons, bingo occasion information, and any other information on the license application which requires updating) must be reported.
- ✓ A pickle card operator licensee which does not renew its retail liquor license will have its license canceled by Charitable Gaming Services since the business no longer meets the eligibility requirements for holding the license. All pickle card operator authorizations issued to licensed nonprofit organizations for such business will also be canceled.

We hope you enjoy not having to submit applications for licenses every year. The Charitable Gaming staff anticipates this new system will allow us to better serve you. If you have any questions or concerns about biennial licensing, please contact our licensing staff.

## 2001 Legislative Update

While a number of charitable gaming related bills were introduced this year, the Nebraska Legislature ended its 2001 session on May 31, 2001, making only two minor changes to the gaming statutes. Neither of these changes will have any direct bearing on a majority of our licensees; however, in an effort to keep you fully informed, to follow is a brief summary of the two bills which were enacted this year affecting the charitable gaming laws:



Because the 2001 session was actually the first half of a biennium meeting of the Nebraska Legislature, there are many pieces of “carry-over legislation,” meaning bills and resolutions introduced during the regular session in an odd-numbered year and held over for consideration during the regular session in an even-numbered year. To follow is a list of gaming-related “carry-over” bills:

### **LB268**

This bill, which became effective July 1, increases the number of days a qualifying nonprofit organization can conduct special event bingo. Previously an organization could obtain two permits per calendar year to conduct special event bingo for an aggregate total of not more than four days. Now a qualifying nonprofit organization can conduct special event bingo for up to 14 days. (Note: Special event bingo cannot be conducted by organizations holding a Class I or Class II bingo license. Special event bingo is a secondary fund raising activity which is to be held at some other type of event such as a school fun night or county fair.) This bill also increases the number of times a premises may be used for special event bingo. Now a premises may be used for two special event bingos per calendar year not exceeding in the aggregate a total of 14 days.

### **LB541**

This was a budget bill relating to the Cash Reserve Fund which provided for certain transfers of funds to operate state government. One of the things this bill did was reduce the amount of money which is to be transferred each year from the Charitable Gaming Operations Fund to the Compulsive Gamblers Assistance Fund. The amount was reduced to \$50,000. The money in the Charitable Gaming Operations Fund comes from the gaming taxes which are paid by our licensees.

- LB6CA** Constitutional amendment to permit casino gaming on tribal lands.
- LB306** Relates to the amount of money transferred to the Compulsive Gamblers Assistance Fund.
- LB545** Charitable Gaming’s technical bill relating to County and City Lotteries.
- LB546** Charitable Gaming’s annual technical bill relating to bingo, pickle cards, and lottery/raffle activity.
- LB658** Would permit a county, city, or village to use any form of gambling to conduct a lottery.
- LB680** Would permit the State Lottery to use dispensing devices to sell scratch-off lottery tickets.
- LB802** Would permit licensed organizations to use electronic pickle card devices, and licensed counties, cities, and villages to use electronic keno devices.

If you are interested in obtaining a copy of any of these bills, you can do so through the Nebraska Legislature’s official Web site at [www.unicam.state.ne.us](http://www.unicam.state.ne.us) or by calling their 24-Hour Request Line at (402) 471-2877. If you would like to contact your state senator regarding one of these bills or for any other reason, simply write to them using this format:

Senator’s Name District Number State Capitol PO Box 94604 Lincoln, Ne 68509-4604
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## Status of New Bingo Regulations

As you may recall, the Department held a public hearing last December on amending the current bingo regulations. The proposed bingo regulations have been filed with the Attorney General's office for their required review and approval. A final response has not been issued as this newsletter goes to print. If we are required to make a substantive change to the proposed regulations, we will hold another public hearing after publication of the required notice. Should the Attorney General's office approve the proposed regulations without requiring substantive changes, bingo licensees will be notified when the regulations are finalized.

## Web Site Continues to Evolve

Charitable Gaming Services is continuing to enhance its Web site in an effort to provide our licensees and the general public with as much useful gaming information as possible. Recently we added a "Bulletins" option where we will post timely notifications and announcements. We are also in the process of updating and adding additional application and reporting forms. If you have any ideas or suggestions for the Web site, please let us know! Just contact Deb Weber of Charitable Gaming Services at [dweber@rev.state.ne.us](mailto:dweber@rev.state.ne.us) or telephone (402) 471-5944 (toll free 877-564-1315).

## More Pickles Please!

*It's the Friday afternoon before the next big football Saturday. The game is going to be televised and you're busy getting ready for the flood of Husker fans who will be coming into your club to watch it on the big screen TV. Suddenly, you realize your pickle card supply is nearly depleted! No pickle cards on a football weekend? This could be disastrous! You pick up the phone to call in an emergency order, only to be told you're not authorized to order pickle cards . . . "Well," you ask, "who is authorized???"*

Have you ever found yourself or your organization in this "pickle of a predicament?" We get calls quite frequently from confused organization volunteers and employees who **have** been there, and didn't realize that Nebraska law restricts the ordering and purchasing of pickle card units to only certain

individuals. The purpose for these restrictions is simple; they are there to ensure accountability and control.

The licensed distributor from whom you purchase your pickle card units is required to ensure that they take orders only from certain people within your organization. Further, they must ensure that the units are paid for in a certain manner and **only by** certain people. Lets face it; a box of pickle cards is basically a "box of money." Consequently, Nebraska law wants to ensure that "the money" doesn't fall into the wrong hands.

Now let's talk about picking up the pickle card units. If you need them in a hurry as the scenario above implies, having the distributor deliver them may not be the quickest answer to your pinching pickle problem.

*So you decide your best bet in this situation is to send someone over to the distributor to pick up the pickles pronto. You look around at the parade of people trying to find one who isn't frantically trying to stock the bar, prepare food, or decorate the room with Husker banners. This turns out to be Paul, the janitor, pounding on the plumbing, who you send off to pack the pile of pickles in the back of his purple Plymouth. Shortly thereafter, Paul returns perspiring, perturbed, and pickle-less! "Now what!" you hear yourself shouting . . .*

Well along with specifying who can order and who can purchase (pay for) pickle card units, Nebraska law also specifies to whom a distributor can **deliver** pickle card units. Whether through the mail or common carrier, the distributor's delivery truck, or by organization pick up, a **distributor is restricted to delivering pickle card units** only to certain individuals.

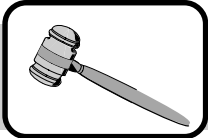
**To follow is a quick reference chart identifying who can order, who can purchase, and who can take delivery of pickle card units:**

	Order	Take Delivery	Purchase
Utilization of Funds Member	X	X	X
Licensed Sales Agent	X	X	
Gaming Manager*	X	X	
Bingo Chairperson*	X	X	
Club Manager**	X	X	

*\*For bingo game pickle card sales only*

*\*\*For 501(c) 8, 10, or 19 organizations only*

So the next time you plan to pick up the phone to place a pickle purchase, please pause to ponder this pertinent picture of peevish pandemonium pertaining to the people permitted to perform the procedures outlined in the paragraphs above!



## Administrative and Court Actions

The following cases reached final administrative determination or court decision since the last issue of ***Gaming Update***.

**In the Matter of American Legion Post #342, Lincoln, Docket Number 2000-028-35G.** The Department of Revenue alleged that Post #342 did not have the ability, experience and financial responsibility to maintain their gaming activities as the amount applied from pickle card sales to defray bingo losses exceeded the amount allowed under the gaming statutes. Following an administrative hearing, the State Tax Commissioner issued an order denying the Post's application for renewal of a Class II Bingo license and Class I Lottery by the Sale of Pickle Cards license.



**In the Matter of Greeley Keno, Inc., Greeley, Docket Number 2000-029-35G.** The Department of Revenue instituted an action to revoke Greeley Keno, Inc.'s county/city lottery operator license based on Greeley Keno, Inc.'s inability to demonstrate the ability, experience and financial responsibility to maintain their gaming activities as they had accepted personal checks for wagers, allowed unlicensed lottery workers to perform work directly related to the conduct of a lottery, and conducted a lottery after 1:00 a.m. and before 6:00 a.m. in violation of gaming statutes. Following a waiver of hearing and relinquishment of the county/city lottery operator's license, an order dismissing the case was issued.



**In the Matter of Melissa Thomas, Ogallala, Docket Number 2000-030-35G.** The Department of Revenue alleged that Ms. Thomas falsified information on her lottery worker license application in that she answered "No" in response to the inquiry into her criminal history relating to crimes involving fraud, theft or gambling. A criminal history check revealed Ms. Thomas was convicted of a misdemeanor relating to fraud. Ms. Thomas waived her right to a hearing and entered into a stipulation that allowed her to work for Lotto Nebraska with Lotto Nebraska providing a security deposit as a

guarantee to Ms. Thomas' honest and trustworthy performance of her duties conducted during her employment in Keith County. Following the waiver and stipulation, an order dismissing the case was issued.



**In the Matter of Misti Powers, North Bend, Docket Number 2000-031-35G.** The Department of Revenue alleged that Ms. Powers falsified information on her lottery worker license application in that she answered "No" in response to the inquiry into her criminal history relating to crimes involving fraud, theft or gambling. A criminal history check revealed Ms. Powers was convicted of a misdemeanor relating to fraud. An administrative hearing was held. The State Tax Commissioner issued an order finding that Ms. Powers had not falsified her application. However, her misdemeanor false reporting conviction was a basis for denial of her application. The order also stated that there was no evidence that Ms. Powers would pose a risk to the City of North Bend's keno lottery. A six-month delay in issuing her license was ordered.



**In the Matter of Lincoln Magic Softball, Lincoln, Docket Number 2000-032-35G.** The Department of Revenue instituted an action seeking to impose a fine of \$300 against Lincoln Magic Softball for the sale of pickle cards without a license. In lieu of an administrative hearing, Lincoln Magic Softball negotiated an amended fine and signed a waiver of hearing. An order dismissing the case was issued.



**In the Matter of Patrick P. Martin, Jr., Lincoln, Docket Number 2000-033-35G.** The Department of Revenue instituted an action seeking to impose a fine of \$100 against Mr. Martin for the sale of pickle cards without a sales agent license. In lieu of an administrative hearing, Mr. Martin paid the fine. An order dismissing the case was issued.

**In the Matter of Stacey, Inc. d/b/a Double Take, Omaha, Docket Number 2000-034-35G.** The Department of Revenue instituted an action seeking to suspend the county/city lottery sales outlet license of Stacey, Inc., d/b/a Double Take, in relation to Double Take's failure to transport funds generated from the county/city lottery conducted on their premises to the lottery operator or to deposit the funds into the lottery operator's bank account by noon the day following lottery play. The Department alleged that this indicated a failure to demonstrate the ability, experience, or financial responsibility necessary to establish and maintain their license. In lieu of an administrative hearing, a settlement was reached and a dismissal order was issued.



**In the Matter of the Village of Terrytown, Docket Number 2001-001-35G.** The Department of Revenue instituted an action seeking to impose a fine of \$250 against the Village of Terrytown in relation to its allowance of ineligible individuals to perform work directly related to the conduct of the Village of Terrytown's county/city lottery. In lieu of an administrative hearing, the village submitted a check for the fine imposed and signed a waiver of hearing. An order to dismiss was issued.



**In the Matter of Lucky Keno, Inc., Terrytown, Docket Number 2001-002-35G.** The Department of Revenue instituted an action seeking to impose a fine of \$1000 against Lucky Keno, Inc., who conducts a lottery for the Village of Terrytown, in relation to its allowance of ineligible individuals to perform work directly related to the conduct of the Village of Terrytown's and the City of Gering's county/city lotteries. In lieu of an administrative hearing, a waiver of hearing was signed and the administrative fine was paid. An order to dismiss was issued.



**In the Matter of The Pond, Terrytown, Docket Number 2001-003-35G.** The Department of Revenue instituted an action seeking to impose a fine of \$250 against The Pond, who conducts a lottery for the Village of Terrytown as a sales outlet, in relation to its allowance of ineligible individuals to perform work directly related to the conduct of the Village of

Terrytown's county/city lottery. In lieu of an administrative hearing, a waiver of hearing was signed and the administrative fine was paid. An order to dismiss was issued.



**In the Matter of the City of Gering, Docket Number 2001-004-35G.** The Department of Revenue instituted an action seeking to impose a fine of \$500 against the City of Gering in relation to its allowance of ineligible individuals to perform work directly related to the conduct of the City of Gering's county/city lottery and for accepting wagers on the lottery after 1:00 a.m. and before 6:00 a.m. In lieu of an administrative hearing, a waiver of hearing was signed and the administrative fine was paid. An order to dismiss was issued.



**In the Matter of the Rompus Room, Gering, Docket Number 2001-005-35G.** The Department of Revenue instituted an action seeking to impose a fine of \$500 against the Rompus Room, a sales outlet for the City of Gering's lottery, in relation to its allowance of ineligible individuals to perform work directly related to the conduct of the City of Gering's county/city lottery and for accepting wagers on the lottery after 1:00 a.m. and before 6:00 a.m. In lieu of an administrative hearing, a waiver of hearing was signed and the administrative fine was paid. An order to dismiss was issued.



**In the Matter of Pender Volunteer Fire Department, Docket Number 2001-008-35G.** The Department of Revenue instituted an action seeking to impose a fine of \$150 against the Pender Volunteer Fire Department for selling and delivering pickle cards to an unlicensed entity. In lieu of an administrative hearing, a waiver of hearing was signed and the administrative fine was paid. An order to dismiss was issued.



**In the Matter of Pender Lanes, Pender, Docket Number 2001-009-35G.** The Department of Revenue instituted an action seeking to impose a fine of \$100 against Pender Lanes for possession of pickle cards without a license to sell said cards. In lieu of an administrative hearing, a waiver of hearing was signed and the administrative fine was paid. An order to dismiss was issued.



**In the Matter of Brad L. Heineman, Pender, Docket Number 2001-010-35G.** The Department of Revenue instituted an action seeking to impose a fine of \$100 against Mr. Heineman for selling and delivering pickle cards to an unlicensed entity. In lieu of an administrative hearing, a waiver of hearing was signed and the administrative fine was paid. An order to dismiss was issued.



**In the Matter of Ms. Patricia A. Bell, Benedict, Docket Number 2001-011-35G.** The Department of Revenue alleged that Ms. Bell was convicted of a misdemeanor relating to fraud. Ms. Bell waived her right to a hearing and entered into a stipulation with PK Leach, LLC, the lottery operator, that allowed her to work for the Village of Benedict. Following the waiver and stipulation, an order dismissing the case was issued.



**In the Matter of Michael A. Donohue, Omaha, Docket Number 2001-013-35G.** The Department of Revenue alleged that Mr. Donohue falsified information on his lottery worker license application in that he answered “No” in response to the inquiry into his criminal history relating to fraud, theft or gambling. A criminal history check revealed Mr. Donohue was convicted of a misdemeanor relating to gambling. Mr. Donohue waived his right to a hearing and entered into a stipulation that allows him to work following a six-month waiting period. Following the waiver and stipulation, an order dismissing the case was issued.

The Department issued 27 Notice of Intent to Deny letters and denied 13 licenses. There have been no orders issued to cease and desist from violating charitable gaming laws since December 2000.

## Self-Reporting of Violations

The Department of Revenue’s Charitable Gaming Services addresses violations of the gaming laws by licensees and takes administrative actions accordingly. In deciding what action to take against the licensees, the Department looks at the facts involved in each case. Some licensees have opted to self-report when they realize they have committed a violation of the gaming laws. Such self-reporting may be considered as a mitigating circumstance. That is, although the Department retains the authority to take action against the licensee, self-reporting may indicate a willingness to abide by the laws and may be considered as a moderating factor in determining what action to take against the licensee. The best advice to all licensees is that they should remain mindful of the laws regulating gaming in Nebraska and continue to monitor their gaming activities.

## Altered Pickle Card Alert

**In recent months, the Nebraska Department of Revenue has been investigating a number of reports involving altered winning pickle cards.** Thus far, the altered pickle cards have usually, but not always, been large winners (\$250 or more). **The altering is not easy to detect.** Additionally, in some cases the individual(s) involved with the altering schemes have been careful to ensure that the serial number of the altered pickle card matches the serial number of a pickle card game actually being sold at the location where he and/or she is presenting the card for payment. **Thus, simply verifying the serial number of the pickle card before payment may not be sufficient to detect an altered pickle card.** For these reasons, the Department is urging all pickle card operators to exercise extreme caution when accepting a pickle card for redemption.

**Because altered pickle card symbols are often extremely difficult for an untrained person to detect,** the Department suggests that you take the time to advise your volunteers and workers of the following **tips** which may help them **to identify a potentially altered pickle card:**

- ✓ **The coloring of the same symbols on an altered pickle card may vary, although valid symbol color should always be uniform.**
- ✓ **The size of the winning symbols on an altered pickle card may appear larger or smaller than the other symbols, although valid symbol size should also be uniform.**
- ✓ **An altered pickle card may feel wet to the touch, either from re-gluing or from the individual**



purposely spilling a drink on the card to mask the wet glue.

- ✓ **The edges of an altered pickle card may be out of alignment as a result of separating the card and attempting to re-glue it.**
- ✓ **Excess glue may be visible on the edges or between the window tabs.**
- ✓ **The symbols of an altered pickle card, when examined with a magnifying glass, will be composed of either horizontal lines or possibly just a fuzzy “blob” of color.** This is a result of using some type of copying equipment to duplicate and re-arrange the symbols into a winning combination. Authentic pickle card symbols should consist of either a dot matrix or cross pattern, which cannot be replicated when copied or scanned.

**Additionally, to further reduce your risk of accepting an altered pickle card, you may wish to institute any or all of the following procedures:**

- **Check the identification of anyone you do not know who is redeeming a high-tier winning pickle card.** Write the individual’s name, address, and date of birth directly on the pickle card.
- **Institute a policy and post a sign advising that the payment of high-tier winners may be delayed for 24 hours.** This will give you time to carefully examine any winning card. Retain the pickle card and advise that it must be approved by management. Provide a receipt for the card if necessary.
- **Properly deface and dispose of all winning pickle cards.** The suspect may be obtaining played pickle cards from your trash. Mark through winning symbols with a black marker before disposing of pickle cards.
- **Refer to the suggestions to avoid shortages in the following article entitled “Pickle Card Operator Shortages” for additional methods to avoid paying invalid winnings.**

Finally, we also encourage you to **report any suspicious behavior to the Department.** If someone refuses to show identification or leaves the premises in a hurry with the pickle card, and you can obtain a vehicle license plate number **without endangering yourself**, please do so. Immediately telephone the Department’s **Investigative Services at (402) 471-5714**, or **Charitable Gaming Services toll free at (877) 564-1315**. If reporting after 5:00 p.m., or during the weekend, please telephone **Investigator Mike Olsen at (402) 471-5948**, or **Investigator Howard Greene at (402) 595-2019** and leave a message. Both investigators check their messages frequently.

## Pickle Card Operator Shortages

What is considered a pickle card **operator shortage**?

Deposits made from pickle card sales from a unit are less than the definite profit of the unit.

Whose liability is the shortage? It is your loss; the licensed organization has already received their profit (70% of the definite profit).

If you know or suspect a theft, call your local police department as well as Charitable Gaming Services as soon as possible. Remove the unit(s) from play until you know where you stand. Our Department will complete a seized property report for you if it is deemed the integrity of the game has been compromised.

Who to contact? Start with the Inspector for your area:

<b>Scottsbluff:</b>	<b>Ken Stute</b>	<b>(308) 632-1202</b>
<b>Grand Island:</b>	<b>Carol Hiser</b>	<b>(308) 385-6021</b>
<b>Norfolk:</b>	<b>Bob Shelbourn</b>	<b>(402) 370-3352</b>
<b>Omaha:</b>	<b>Roy Abbott</b>	<b>(402) 595-2060</b>
	<b>David Farkas</b>	<b>(402) 595-2048</b>
<b>Lincoln:</b>	<b>Jeff Oliver</b>	<b>(402) 471-5748</b>
	<b>Kim Nelson,</b>	<b>(402) 471-5947</b>
	<b>Revenue Agent Supervisor</b>	

Or call Charitable Gaming Services toll free (877) 564-1315.

Steps to avoid shortages:

- **Use dispensing devices.** They count cards sold and help to eliminate employee theft. Also, employees will not be as tempted to give out illegal insider information.
- **Keep your pickle cards locked up.** If treated like cash, they are less likely to be stolen.
- **Post a sign advising that all pickle cards (except those sold as part of a seal card game) must be played and redeemed on the premises at the time of sale or prior to leaving premises.** If selling pickle cards through a dispensing device, post the sign clearly on the device itself.
- **Verify that the serial number of the pickle card unit is in play BEFORE paying winner.**
- **Monitor your game(s) sales for potential shortages.**
- **Keep all winning tickets until the game is sold out.**
- **Keep track of the number of high-tier winners redeemed.** This will help you ensure that not too many winners are paid. If a unit contained excess high-tier winners (winners over \$25), contact Charitable Gaming Services at one of the above numbers.
- **See the additional suggestions to also avoid accepting altered pickle cards in the preceding article called “Altered Pickle Card Alert.”**

Look for a Sample Monthly Computation of Pickle Card Sales and Reconciliation of Deposits to Sales with your biennial license renewal. **This is a tool for your use.** You are not required to complete the sample and are not to file it with us. Call us if you have additional questions.

## County/City Lottery News Briefs

❑ **Total dollars wagered on keno** for the period April 1, 2000 through March 31, 2001 were \$163,463,337. This represents an increase of over one percent as compared to the total dollars wagered on keno for the previous twelve-month period (\$161,583,771). Total dollars wagered on keno for the period January 1, 2001 through March 31, 2001 were \$44,322,397 which represents an increase of over eight percent as compared to the previous quarter, October 1, 2000 through December 31, 2000 (\$40,991,619).

❑ In a special **election** on January 9, 2001, Hitchcock County **approved a county/city lottery**. Although a few additional communities have expressed interest in county/city lottery activity, we are not aware of any other county, city, or village voting on the implementation of a lottery yet this year. If you know of other communities which held elections on the approval of a county/city lottery, please notify our office.

❑ The Villages of Barneston and Eustis and Hitchcock County are **new communities issued county/city lottery licenses since December 2000**. The Village of Barneston's lottery operator is Zeilinger Keno Partnership. Lotto Nebraska is the lottery operator for the Village of Eustis and Hitchcock County.

❑ The Cities of Dakota City and Indianola and the Villages of Belvidere and Greeley **resumed their county/city lottery activities** since our last publication. The City of Dakota City entered into a new interlocal agreement with the City of South Sioux City to operate South Sioux City's lottery jointly within Dakota City after being inactive since 1991. The licenses were issued the end of January for Dakota City and their new lottery operator, South Sioux City's Big Red Lottery Services, Ltd. The Village of Greeley's lottery had been inactive since September 30, 2000. Their new lottery operator, Greeley Keno, LLC, was licensed in February. The City of Indianola had been inactive since July 8, 1998, until their new lottery operator, Lotto Nebraska, was licensed this January. The Village of Belvidere was licensed in May with their prior lottery operator,

Lotto Nebraska, although they had been inactive since September 1991.

❑ Additional changes to licensed lottery operators were made in the cities of Bellevue and Valley. A second lottery operator, Bellevue's Big Red Lottery Services, Ltd., was licensed for the City of Bellevue in April. Val Keno, Inc. was also licensed in April and continued the lottery in the City of Valley. The Village of Anselmo previously submitted a sales outlet application to restart its lottery, but the proposed sales outlet location was not licensed.

❑ The communities licensed through September 30, 2001, that are inactive as of this publication include the Villages of Anselmo, Beaver Crossing, Belgrade, Memphis, Overton, and Shelton and the Cities of Cambridge and Minatare. The lottery in Cambridge ceased on December 13, 1999, in Overton on October 25, 2000, in Beaver Crossing on May 16, 2001, and in Memphis on May 31, 2001. The other communities have been inactive since the current licenses were issued.

❑ At the request of the governing officials so far this year, Gaming staff have attended community meetings in the Village of Dannebrog, the Three Rivers City Clerk meeting in Valley, and the Northeast Nebraska Area Clerk's Association meeting in Norfolk to present county/city lottery information and respond to questions.

## Speakers and Training Available

Does your organization need additional information or training in a charitable gaming-related area? Do you have an annual meeting or convention at which you'd like someone to speak about charitable gaming? Or perhaps you'd like an informal workshop to refresh your volunteers or workers relative to the bingo, pickle card, lottery/raffle, or keno rules, regulations, or record keeping requirements? If so, please contact us! We would be happy to design a workshop, training, or presentation to suit your specific needs. Just contact Deb Weber of Charitable Gaming Services at (402) 471-5944 or e-mail her at [dweber@rev.state.ne.us](mailto:dweber@rev.state.ne.us).

## **Lottery Worker Application Must Be Received Before Worker Starts**

County/city lottery workers must have a properly completed and signed Nebraska Schedule III - County/City Lottery Worker Application, Form 50G, on file with the Department prior to starting to work with the county/city lottery. Due to last year's Nebraska Supreme Court decision in *Creighton St. Joseph Hosp. V. Tax Eq. & Rev. Comm.*, 260 Neb. 905 (2000), we can no longer honor the postmark date of the Schedule III as the date filed. Although we proposed an amendment to LB545 currently pending with the Nebraska Legislature which would have allowed the postmark date to be considered the date filed, such language was not included in a bill passed this year.

Since the lottery worker license applicant and an authorized lottery representative must affix original signatures on the Schedule III, we cannot accept facsimile (FAX) copies. The original application must be mailed or delivered to the Department, but the individual may not start working with the lottery until the application is actually received by the Department. To determine whether a specific application has been received so that the proposed lottery worker may begin his or her duties, a representative of the sales outlet location, lottery operator, county, city, or village may call Charitable Gaming Services.

## **Did You Know? County/City Lottery Information**

- **We are performing name and date of birth criminal background checks on lottery worker applicants.** It is imperative that the applicants respond accurately to the questions 7 and 8 on the Nebraska Schedule III - County/City Lottery Worker Application, Form 50G. Falsifying information on the application may prevent an individual from ever working with a lottery. In addition, some criminal convictions may be grounds for the application to be denied which will keep the worker from being hired for a period of time.
- **The published prize pay tables available at your lottery must match the game being played.** If a change is made in the calculation of wins, new pay tables or attachments to explain the change must be

available at the lottery location and provided to our office within 24 hours of their implementation.

- **Remember that free keno play is free to the player only.** The retail value of the free keno play must be paid for by the county, city, village, or lottery operator. A lottery operator is usually required to obtain approval of free play from the county, city, or village. Free keno play, when redeemed by a player, is considered part of the gross proceeds of the lottery and the retail value of the free keno play is subject to the two percent lottery tax. In addition, the retail value of the free keno play is a promotional expense of operating the lottery which is subject to the 14 percent expense limitation if paid for by the county, city, or village.
- **When a licensed county, city, village, or lottery operator is buying new lottery equipment or certain keno supplies, they are required by law to purchase such items from a licensed manufacturer-distributor of county/city lottery equipment.** If used equipment is being purchased from a county, city, village, or lottery operator that is currently licensed or was licensed when they acquired the equipment, prior approval of Charitable Gaming Services is required before the transaction is completed.
- **Do you know who is not allowed to play keno at your lottery location?** Certain individuals are forbidden by law to play keno due to their involvement with the operation of the lottery. Specifically, the lottery operator owners and officers are never allowed to play that community's lottery and the sales outlet owner and any lottery workers are not allowed to play while on duty at the location. Local ordinances or resolutions approved by the governing board of the county, city, or village or the contract signed with the lottery operator may further restrict those who may legally play keno at your business. If you aren't sure, contact your lottery operator, governing official, or this Department to locate this information.
- **Don't forget to return any licenses that are no longer posted at a location because they have ceased offering keno or have gone out of business.**

# GAMING CALENDAR

AUGUST		OCTOBER (CONT.)	
1	<b>Pickle Card Operator Renewal Applications Due.</b> Pickle card operators must have their license renewal applications postmarked no later than August 1.	8	<b>All State Offices Closed - Columbus Day</b>
15	<b>Bingo, Pickle Card, Lottery/Raffle, Commercial Lessor, Manufacturer, Distributor, and Manufacturer - Distributor License Renewal Applications Due.</b> Organizations, utilization of funds members, sales agents, gaming managers, commercial lessors, manufacturers, distributors, and manufacturers-distributors must have their license renewal applications postmarked no later than August 15. <b>Organization Annual Reports Due.</b> Forms 35, 35A, 35B, and 35C for bingo, pickle card, and lottery/raffle activities must be postmarked no later than August 15th.	30	<b>Form 51 Tax Return and Applicable Schedule(s) Due.</b> Must be postmarked no later than October 30. <b>Organization Quarterly Reports Due.</b> Forms 35C and 35D for bingo and pickle card activities must be postmarked by October 30.
SEPTEMBER		NOVEMBER	
3	<b>All State Office Closed - Labor Day</b>	12	<b>All State Office Closed - Veterans' Day</b>
30	<b>All Gaming Bingo, Pickle Card, and Lottery/Raffle Licenses Expire at Midnight.</b> <b>Last Day of Third Quarter (July 1 thru September 30)</b>	15	<b>2002 Pickle Card Dispensing Device Registration Renewals Due.</b> Applications to renew registration of pickle card dispensing devices must be postmarked by November 15.
OCTOBER		22-23	<b>All State Offices Closed - Thanksgiving Holiday</b>
1	<b>First day of 2001-2002 License Year for those issued a one-year license and First Day of 2001-2003 Biennial License Period for those issued a two-year license effective October 1, 2001.</b> This includes licenses issued for Bingo, Pickle Card, Lottery/Raffle, Commercial Lessor, Manufacturer, Distributor, and Manufacturer-Distributor.	DECEMBER	
		25	<b>All State Offices Closed - Christmas Day</b>
		31	<b>Last Day of Fourth Quarter (October 1 through December 31)</b> <b>2001 Pickle Card Dispensing Device Registrations and Decals Expire at Midnight.</b> Organizations and pickle card operators must have a 2002 decal affixed to any dispensing device in use after midnight or cease using such device. <b>2001 Mechanical Amusement Device Licenses and Decals Expire at Midnight.</b> Operators and distributors must have a 2002 decal affixed to any dispensing device in use after midnight or cease using such device.

## Compulsive Gamblers Assistance

Problem Gambling Help Line 1-800-560-2126

- ✓ Gamblers Anonymous (Lincoln) (402) 473-7933
  - ✓ Gamblers Anonymous (Omaha) (402) 978-7557
  - ✓ Gamblers 12 Step & Family (Omaha) (402) 978-7899
  - ✓ Gamblers Anonymous 1-800-GAMBLER (National)
- For information on problem gambling and how to get help in Nebraska, please visit the Nebraska Council on Compulsive Gambling at [www.nebraskacouncil.com](http://www.nebraskacouncil.com).



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